



December 2, 2010

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z and the  
Truth-in-Lending Act  
Docket No. R-1390

Dear Ms. Johnson:

I am writing in opposition to the proposed amendments to the credit insurance and debt protection disclosures under Regulation Z on behalf of MPCU.

It is our belief that the proposed amendments:

- Is an example of the Federal Government going beyond the scope of its authority by driving changes to insurance product disclosures, typically handled by state level insurance departments.
- Is an example of the Federal Government once again attempting to address a concern by penalizing an entire industry for the indiscretions of a few misguided, greedy entities. (Note: see Bank Reform passed this past summer).
- Will expose our credit union to greater loan losses and consumers to additional grief as the statements in the forms mislead the consumer to an assessment that credit insurance is not a good product. Thus they will not purchase a product that for many is a form of estate planning. Example: At the member's death or disability, the surviving family will be forced to relinquish the collateral (home or vehicle) if they do not have the ability (either through the estate or present cash flow) to pay for or pay off the loan.
- Will make it even more difficult for consumers to understand how the APR is calculated.
- Misrepresent the purpose and value of payment protection products to our members and to consumers in general.
- Are misleading and inaccurate.
- Will cause a significant number of credit union members, who would benefit from these products, to elect not to purchase them because the disclosures lead them to believe payment protection products are bad for consumers. Credit protection products are a form of estate planning for many consumers. This is because they do not qualify for the products the government is suggesting they pursue.



*Kershaw County's Credit Union.*

Credit protection products, like any insurance product is purchased not for the purpose of using the product but for the ease of mind it provides to the member and their family should the need arise. MPCU has been offering payment protection products for almost 50 years. Though there are certain, reasonable limitations, we point out the limitations to our members thus they are able to make an informed decision. An advantage to the products we offer is that they do require the member take a physical before purchasing the product. A simple questionnaire must be honestly completed by the member at the time of the loan. If, through this questionnaire, the insurance underwriter rejects the plan, we simply inform the member, cancel the plan and refund the premiums paid. This usually occurs within the first 60 days.

MPCU has always supported fair and accurate disclosures to members who purchase payment protection products. Please revise the proposed amendments in order to provide the consumer with more accurate and balanced information about payment protection products.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Conley", is written over the printed name.

Scott Conley

CEO

MPCU

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